

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA

UNSTARRED QUESTION NO. 383

TO BE ANSWERED ON MONDAY, FEBRUARY 2, 2026/MAGHA 13, 1947 (SAKA)

PROPOSAL FOR INCREASING SECURITIES TRANSACTION TAX (STT)

383. SHRI EATALA RAJENDER

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is taking steps for deepening the tax base and increasing Securities Transaction Tax (STT) on Futures and Options contracts to 0.2 per cent and 0.1 per cent respectively, if so, the details of the steps taken and results achieved so far in this regard;
- (b) whether the decision to raise taxes comes amid a dramatic rise in derivative trading volumes, which have increased significantly since 2020, if so, the details thereof;
- (c) whether retail investor participation in derivatives market surged from 2 per cent in 2018 to 41 per cent in 2023, if so, the details thereof; and
- (d) whether regulators have expressed concerns that this surge in trading is leading to speculative behaviour that may be detrimental to individual investors and the broader economy and this change in tax policy is likely to encourage retail investors to shift focus from speculative trading to long-term investments and if so, the details thereof and the current status thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) It is stated that proposals involving rates of STT are examined as part of the annual budgetary exercise. The outcome, if any, shall be reflected in the Finance Bill, 2026, to be laid before the Lok Sabha on 1st February, 2026.
- (b) In light of (a), not applicable.
- (c) The figures referenced above represent the data from the SEBI consultation paper on 'Measures to strengthen index derivatives framework for increased Investor protection and Market stability' published on July 30, 2024. The said data indicates that the share of individual investor transactions within index options grew from just ₹2 for every ₹100 traded in the financial year 2018 to ₹41 for every ₹100 traded in the financial year 2024.
- (d) Yes, SEBI has expressed concerns that surge in trading on expiry day is mostly speculative in nature wherein it was noted that bursts of speculative hyperactivity in derivative markets, particularly by individual players, can detract from sustained capital formation by endangering both investor protection and market stability. However, these concerns were not in context of change in tax policy.
